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SUBCHAPTER I—CREDIT ACTIVITIES

PART 91—LOANS TO INDIANS FROM THE REVOLVING LOAN FUND

Sec.

- 91.1 Definitions.
- 91.2 Kinds of loans.
- 91.3 Eligible borrowers under United States direct loan program.
- 91.4 Applications.
- 91.5 Approval of loans.
- 91.6 Modification of loans.
- 91.7 Management and technical assistance.
- 91.8 Environmental and Flood Disaster Acts.
- 91.9 Preservation of historical and archaeological data.
- 91.10 Federal Reserve Regulation Z and Fair Credit Reporting Act.
- 91.11 Interest.
- 91.12 Records and reports.
- 91.13 Security.
- 91.14 Maturity.
- 91.15 Penalties on default.
- 91.16 Default on loans made by relending organizations.
- 91.17 Uncollectible loans made by the United States.
- 91.18 Uncollectible loans made by relending organizations.
- 91.19 Assignment of loans.
- 91.20 Tribal funds.
- 91.21 Relending by borrower.
- 91.22 Repayments on United States direct loans.
- 91.23 Repayments on loans made by relending organizations.
- 91.24 Approval of articles of association and bylaws.
- 91.25 Loans for expert assistance for preparation and trial of Indian claims.

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§ 91.1 Definitions.

Wherever used in the regulations in this part, the terms defined in this section shall have meanings stated:

(a) "Secretary" means the Secretary of the Interior.

(b) "Commissioner" means the Commissioner of Indian Affairs of his authorized representative.

(c) "Indian" means any person who is a member of any Indian tribe, band, group, pueblo or community which is recognized by the Federal Govern-

ment as eligible for services from the Bureau of Indian Affairs and any "Native" as defined in paragraph (d) of this section.

(d) "Native" means a citizen of the United States who is a person of one-fourth degree or more Alaskan Indian (including Tsimshian Indians not enrolled in the Metlakatla Indian Community), Eskimo, or Aleut blood, or combination thereof. The term includes any Native as so defined either or both of whose adoptive parents are not Natives. It also includes, in the absence of proof of a minimum blood quantum, any citizen of the United States who is regarded as an Alaska Native by the Native village or Native group of which he claims to be a member and whose father or mother is (or, if deceased, was) regarded as Native by any village or group.

(e) "Tribe" means any Indian tribe, band, group, pueblo, or community, including Native villages and Native groups (including corporations organized by Kenai, Juneau, Sitka, and Kodiak) as defined in paragraphs (f) and (g) of this section, which is recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs.

(f) "Native village" means any tribe, band, clan, group, village, community, or association in Alaska listed in sections 11 and 16 of the Alaska Native Claims Settlement Act (85 Stat. 688) or which meets the requirements of this Act, and which the Secretary determines was, on the 1970 census enumeration date (as shown by the census or other evidence satisfactory to the Secretary, who shall make findings of fact in each instance), composed of twenty-five or more Natives.

(g) "Native group" means any tribe, band, clan, village, community, or village association of Natives in Alaska composed of less than twenty-five Natives, who comprise a majority of the residents of the locality.

(h) "Reservation" means Indian reservations, unterminated California rancherias, public domain Indian allotments, former Indian reservations in

Oklahoma, and land held by incorporated Native groups, regional corporations, and village corporations under the provisions of the Alaska Native Claims Settlement Act (85 Stat. 688).

(i) "Economic enterprise" means any Indian-owned, commercial, industrial, agricultural or business activity established or organized for the purpose of profit, provided that eligible Indian ownership constitutes not less than 51 percent of the enterprise.

(j) "Organization" means the governing body of any Indian tribe, as defined in paragraph (e) of this section, or entity established or recognized by such governing body for the purpose of this Act.

(k) "Other organizations" means any non-Indian individual, firm, corporation, partnership, or association.

(l) "Profits" mean the net income earned after deducting operating expenses from operating revenues.

(m) "Revolving loan fund" means all funds that are now or hereafter a part of the revolving fund authorized by the act of June 18, 1934 (48 Stat. 986), the Act of June 26, 1936 (49 Stat. 1968), and the Act of April 19, 1950 (64 Stat. 44), as amended and supplemented including sums received in settlement of debts for livestock pursuant to the Act of May 24, 1950 (64 Stat. 190) and sums collected in repayment of loans made including interest or other charges on loans and any funds appropriated pursuant to Section 108 of the Indian Financing Act of 1974 (88 Stat. 77).

(n) "Relending Organization" means tribes as defined in paragraph (e) of this section, Indian credit associations and associations whose members have a common bond of occupation and/or residence which are organized for the purpose of borrowing from the revolving loan fund in order to conduct a relending program.

(o) "Default" means failure of a borrower to make scheduled payments on a loan, failure to obtain the lender's approval for disposal of assets mortgaged as security for a loan, or failure to comply with the covenants, obligations or other provisions of a loan agreement.

(p) "Mortgages" mean mortgages and deeds of trust evidencing an encumbrance of trust or restricted land, mortgages and security agreements executed as evidence of liens against crops and chattels, and mortgages and deeds of trust evidencing a lien on leasehold interests.

(q) "Financing statement" means the document filed or recorded in county or state offices pursuant to the provisions of the Uniform Commercial Code notifying third parties that a lender has a lien on the chattels and/or crops of a borrower.

(r) "Applicant" means an applicant for a United States direct loan from the revolving loan fund or a loan from a relending organization.

(s) "Cooperative Association" means an association of individuals organized pursuant to state, federal or tribal law, for the purpose of owning and operating an economic enterprise for profit, with profits distributed or allocated to patrons who are members of the organization.

(t) "Corporation" means an entity organized pursuant to state, federal or tribal law, with or without stock, for the purpose of owning and operating an economic enterprise.

(u) "Partnership" means two or more persons engaged in the same business, sharing its profits and risks, and organized pursuant to state, federal, or tribal law.

§ 91.2 Kinds of loans.

Loans from the Indian Revolving Loan Fund shall be made for purposes which will improve and promote the economic development on Indian reservations.

(a) Loans may be made by the United States to eligible relending organizations for relending to members for economic enterprises and to eligible tribes for relending to members, eligible corporations, cooperative associations, partnerships and subordinate bands and for financing tribal economic enterprises, which will promote the economic development of a reservation and/or the group or members thereon. Loans made by tribes or relending organizations may be for the following purposes:

tion with loans made to its members, sub-organizations, or associations from such funds, unless the Commissioner determines that repayment of the loan to the United States is otherwise reasonably assured. Funds advanced to finance a tribal economic enterprise shall be secured by an assignment of net income and net assets of the economic enterprise, unless the Commissioner determines that it is not feasible to require an assignment or that repayment of the loan to the United States is otherwise reasonably assured.

(i) Securing documents or financing statements shall be filed or recorded in accordance with applicable state or federal laws except for those customarily filed in Bureau of Indian Affairs offices. Mortgages on documented vessels will be filed at the customs house designated as the home port of the vessel as shown on the marine document.

§ 91.14 Maturity.

The maturity of any United States direct loan shall not exceed thirty years. Loans made will be scheduled for repayment at the earliest possible date consistent with the purpose of the loan and the repayment capacity of the borrower.

§ 91.15 Penalties on default.

Unless otherwise provided in the loan agreement between the United States and a borrower, failure on the part of a borrower to conform to the terms of the loan agreement will be deemed grounds for the taking of any one or all of the following steps by the Commissioner:

(a) Discontinue any further advance of funds contemplated by the loan agreement.

(b) Take possession of any or all collateral given as security and in the case of individuals, corporation, partnerships or cooperative associations, the property purchased with the borrowed funds.

(c) Prosecute legal action against the borrower or against officers of corporations, tribes, bands, credit associations, cooperative associations, and other organizations.

(d) Declare the entire amount advanced immediately due and payable.

(e) Prevent further disbursement of credit funds under the control of the borrower.

(f) Withdraw any unobligated funds from the borrower.

(g) Require relending organizations conducting a relending program to apply all collections on loans to liquidate the debt to the United States.

(h) Take possession of the assets of a relending organization conducting a relending program and exercise or arrange to exercise its powers until the Commissioner has received acceptable assurance of its repayment of the revolving loan and compliance with the provisions of the terms of the loan agreement.

(i) Liquidate, operate or arrange for the operation of economic enterprises financed with revolving loans made to individuals, tribes, corporations, partnerships and cooperative associations until the indebtedness is paid or until the Commissioner has received acceptable assurance of its repayment and compliance with the terms of the loan agreement.

§ 91.16 Default on loans made by relending organizations.

Relending organizations conducting relending programs using revolving loan funds will follow prudent lending practices in making and servicing loans and take appropriate actions to protect their interests in the security given to secure repayment of loans. Declarations of policy and plans of operation shall include procedures which will be followed in acting to correct a default, such as modification of loan agreement or foreclosure and liquidation of security. Relending organizations employing a general counsel will refer legal questions on foreclosure procedures and sale of security to their counsel.

§ 91.17 Uncollectible loans made by the United States.

If the Secretary determines that a United States direct loan is uncollectible in whole or in part or is collectible only at an unreasonable cost or when such actions would in his judgment be

in the best interest of the United States, he may cancel, adjust, compromise, or reduce the amount of any loan or any portion of any loan made from the revolving loan fund. The Commissioner may adjust, comprise, subordinate or modify the terms of any mortgage, lease, assignment, contract, agreement or other document taken as security for loans. The cancellation of all or part of a loan shall be effective only after the following steps have been taken:

(a) The Secretary submits to the Congress a report on adjustments made during the preceding fiscal year with recommendations for cancellations for the current fiscal year.

(b) Congress by concurrent resolution approves the cancellation within sixty legislative days after receipt of the report and recommendations or,

(c) Congress does not take action approving or disapproving the cancellation within sixty legislative days after receipt of the report.

(47 Stat. 564 (25 U.S.C. 386a))

§ 91.18 Uncollectible loans made by relending organizations.

(a) Relending organizations conducting relending programs using revolving loan funds may, when approved by the Commissioner, chargeoff as uncollectible all or part of the balance of principal and interest owing on loans which are considered to be uncollectible. Usually a chargeoff includes both principal and interest and provides for cessation of interest accruals on the principal balance owing as of the date of the chargeoff.

(b) Action to chargeoff a loan will be in the form of a resolution enacted by the committee or body authorized and responsible for actions on loan matters for the relending organization. Before action is taken to chargeoff a loan as uncollectible, the lender will make an effort, to the extent feasible, to liquidate the security given for a loan and apply the net proceeds as a repayment on the balance of principal and interest owed. The chargeoff of a loan by a relending organization as uncollectible will not reduce the principal balance owed to the United States. A chargeoff will not release the borrower of the

obligation or the responsibility to make payments when his or her financial situation will permit. Chargeoff action will not release the lender of responsibility to continue its efforts to collect the loan.

§ 91.19 Assignment of loans.

A borrower of a direct loan from the United States may not assign the loan agreement or any interest in it to a third party without the consent of the Commissioner. Relending organizations which are conducting relending programs may not assign the loan agreements of borrowers, or any interest therein, to third parties without the approval of the Commissioner and the borrower.

§ 91.20 Tribal funds.

(a) Tribal trust funds may be advanced to tribes when authorized by Congress, requested by the governing body, and approved by the Commissioner for the establishment, operation or expansion of economic enterprises and for relending in accordance with paragraphs (b) and (c) of this section and § 91.21 herein. No interest shall be paid to the United States on such funds. The Commissioner may require the tribe to prepare a plan of operation for the enterprise and a plan establishing the policies and procedures for making loans to members from tribal funds.

(b) Support loans may be made to old, indigent or disabled members and loans may be made to cover burial expenses of members when there is reasonable assurance that the loans will be repaid. Interest may be waived on such loans. These loans, unless otherwise authorized by the Commissioner, shall be accounted for separately by the tribe and administered under a separate plan of operation from the plans governing housing, business, education and agricultural loans.

(c) In order for individuals to be eligible for loans from tribal funds, they must be members of the tribe to which the funds belong.

(d) Failure of a tribe to use tribal funds advanced under paragraph (a) of this section in accordance with the regulations and purposes for which re-

quested shall be grounds for any or all of the following steps to be taken by the Commissioner:

(1) Discontinue further advance of funds requested.

(2) Require that the entire amount advanced be returned to the Treasury.

(3) Prevent further disbursement of tribal funds in the account of an economic enterprise or tribal relending program under the control of the tribe.

(4) Withdraw any unobligated funds from the tribe and deposit the same in the Treasury.

(5) Require that all repayments on loans made by the tribe be used to replace funds advanced to the tribe from the Treasury.

(6) In the case of tribal economic enterprises operated with tribal funds, liquidate, operate or arrange for the operation of the enterprise until all tribal trust funds advanced to the tribe have been replaced in the tribe's United States Treasury account, or until the Commissioner has received acceptable assurance that the funds will be replaced or that the enterprise will be operated in a manner satisfactory to him.

§ 91.21 Relending by borrower.

(a) A relending organization may reloan funds loaned to it by the United States with the approval of the Commissioner. The Commissioner may authorize such lenders to approve applications for particular types of loans up to a specified amount.

(b) Loans shall be secured by such securities as the lender and the Commissioner may require. With the Commissioner's approval, mortgages of individually held trust or restricted land, leasehold interests, chattels, crops grown on trust or restricted land, and assignments of trust income may all be taken as security for loans.

(c) Title to personal property purchased with loans received from relending organizations using revolving loan funds in its relending program shall be taken in the name of the borrower.

(d) The term of a loan made by a relending organization conducting a relending program shall not extend

beyond the maturity date of its loan from the United States, unless an exception is approved by the Commissioner and the organization has funds available from which to make scheduled repayment on its loan from the United States. Loans made will be scheduled for repayment at the earliest possible date consistent with the purpose for which a loan is made and the indicated repayment capacity of the borrower.

(e) When a relending organization making loans to its members from moneys borrowed from the United States rejects a loan application from an eligible member, the Commissioner may, in his discretion, make a direct loan from the revolving fund to the applicant if he determines the rejection is unwarranted. In making this determination, the Commissioner will review in detail the reasons why the organization rejected the application; the soundness and feasibility of the applicant's proposal; the applicant's repayment ability, industry and work habits; whether the applicant can obtain licenses or permits required by the tribe; and assurance that the applicant has or can obtain the use of land required, if a loan is approved.

(f) Securing documents or financing statements shall be filed or recorded in accordance with federal or state law except those customarily filed in Bureau of Indian Affairs offices. Mortgages on documented vessels will be filed at the custom house designated as the home port of the vessel as shown on the marine document.

§ 91.22 Repayments on United States direct loans.

Repayments on United States direct loans shall be made to the authorized collection officer of the Bureau of Indian Affairs who shall issue an official receipt for the repayment and deposit the collection into the revolving loan fund. Collections will first be applied to pay interest to date of payment and the balance applied on the principal installment due. Collections on loans made by relending organizations which have been declared in default in which the Commissioner has taken control of the assets of the pro-

gram (including loans made with balances owing) will be made to an authorized collection officer of the Bureau of Indian Affairs who shall issue a receipt to the payor and deposit the collection in the United States revolving loan fund. The relending organization's loan from the United States will be credited with the amounts collected from its borrowers, with the collections applied first on interest accrued and the balance applied to the principal. Payments on United States direct loans may be made in advance of due dates without penalty.

§ 91.23 Repayments on loans made by relending organizations.

Repayments on loans made by a relending organization conducting a relending program will be made to the officers of the lending organization or individuals designated and authorized in a declaration of policy and plan of operation. Collections on loans and other income to a relending program will be deposited in the lender's revolving loan account as designated in a declaration of policy and plan of operation. Collections on loans will be first applied to pay interest to date of payment with the balance applied to the principal.

§ 91.24 Approval of articles of association and bylaws.

Articles of association and bylaws of relending organizations and cooperative associations require approval of the Commissioner if they make application for a revolving credit loan.

§ 91.25 Loans for expert assistance for preparation and trial of Indian claims.

(a) Loans may be made to Indian tribes, bands and other identifiable groups of Indians from funds authorized and appropriated under the provisions of section 1 of the Act of November 4, 1963 (Pub. L. 88-168, 77 Stat. 301; 25 U.S.C. 70n-1), as amended by the Act of September 19, 1966 (Pub. L. 89-592, 80 Stat. 814) and section 2 of the Act of May 24, 1973 (Pub. L. 93-37, 87 Stat. 73). Loan proceeds may only be used for the employment of expert assistance, other than the assistance of counsel, for the preparation and

trial of claims pending before the Indian Claims Commission. Applications for loans will be submitted on forms approved by the Commissioner and shall include a justification of the need for a loan. The justification shall include a statement from the applicant's claims attorney regarding the need for a loan. The application will be accompanied by a statement signed by an authorized officer of the applicant certifying that the applicant does not have adequate funds available to obtain and pay for the expert assistance needed. The Superintendent and the Area Director will attest to the accuracy of the statement or point out any inaccuracies. Loans will be approved by issuance of a commitment order by the Commissioner.

(b) No loan shall be approved if the applicant has funds available on deposit in the United States Treasury or elsewhere in an amount adequate to obtain the expert assistance needed or if, in the opinion of the Commissioner, the fees to be paid the experts are unreasonable on the basis of the services to be performed by them.

(c) Contracts for the employment of experts are subject to the provisions of 25 U.S.C. 81 and require approval by the Commissioner.

(d) Vouchers or claims submitted by experts for payment for services rendered and reimbursement for expenses will be in accordance with the provisions of the expert assistance contract and shall be sufficiently detailed and itemized to permit an audit to determine that the amounts are in accordance with the contract. Vouchers or claims shall be reviewed by the borrower's claims attorney who will certify on the last page of the voucher or by attachment thereto, that the services have been rendered and payment is due the expert and that expenses and charges for work performed are in accordance with the provisions of the contract.

(e) Requests for advances under the loan agreement shall be accompanied by a certificate signed by an authorized officer of the borrower certifying that the borrower does not have adequate funds available from its own financial resources with which to pay